

Message Text

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C O N F I D E N T I A L CAIRO 16709

EXDIS

E.O. 11652: GDS

TAGS: EAID, EG

SUBJECT: AID PROGRAM FOR EGYPT

FOR AID ADMINISTRATOR PARKER, ASSISTANT SECRETARY ATHERTON
(NEA), ASSISTANT ADMINISTRATOR NOOTER, AND AID/EGYPT DIRECTOR
BROWN FROM AMBASSADOR

SUMMARY: AM BECOMING INCREASINGLY CONCERNED THAT OUR AID
PROGRAM, DESPITE OUR BEST EFFORTS, IS NOT ACHIEVING THE
POLITICAL IMPACT WE WANT. WE ARE NOT HELPING SADAT COPE
WITH HIS SERIOUS DOMESTIC ECONOMIC/POLITICAL PROBLEMS TO
ANY APPRECIABLE EXTENT. CRITICISM IS BEING VOICED THAT
SO-CALLED "AMERICAN PERIOD" OF EGYPT'S FOREIGN POLICY FINDS
MAN IN THE STREET WORSE OFF THAN HE WAS WHEN SOVIETS WERE
PRIMARY FOREIGN INFLUENCE. WRONGLY, BUT INEVITABLY, WE
ARE ASSOCIATED IN PUBLIC MIND WITH DETERIORATING ECONOMIC
SITUATION. STRONGLY URGE THAT, WHILE AID DIRECTOR BROWN
IS STILL IN WASHINGTON, ADDRESSEES CONSIDER WHAT PROGRAM
SHIFTS CAN BE MADE TO PRODUCE SOME REASONABLY QUICK IMPACT
AND AVOID ENDLESS, TIME-CONSUMING STUDIES BEFORE ANYTHING
CAN BE DONE ON THE GROUND. SOME SUGGESTIONS ARE INCLUDED
IN PARA 3. END SUMMARY

1. I AM BECOMING INCREASINGLY CONCERNED THAT OUR AID
PROGRAM, DESPITE ALL THE COMMENDABLE EFFORT THAT IS
GOING INTO IT, IS NOT ACHIEVING THE POLITICAL IMPACT
WHICH WE WANT. GOE GIVES GOOD PUBLICITY TO AID AGREE-
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MENTS WHICH WE SIGN, BUT THIS IS NOT ENOUGH. I HEAR

MORE AND MORE SUGGESTIONS FROM EGYPTIAN FRIENDS LIKENING THESE ANNOUNCEMENTS TO TYPICAL EGYPTIAN MINISTERS' ANNOUNCEMENTS--RHETORIC SUBSTITUTING FOR ACTION. THE CHARGE IS DECIDEDLY UNFAIR, BUT THE FACT REMAINS THAT OUR POLITICAL IMPACT ACTIVITIES ARE FEW--PL-480 WHEAT WHICH TRANSLATES INTO LOW COST BREAD; TALLOW, WHICH TRANSLATES INTO SOAP; TOBACCO, WHICH TRANSLATES INTO CIGARETTES. THAT IS WHERE IT ABOUT ENDS. OUR CAPITAL PROJECTS REQUIRE, BY DEFINITION, LONG LEAD TIMES WITH NOTHING TO SHOW ON THE GROUND IN THE MEANTIME. OUR CAPITAL GOODS COMPONENT OF CIP ALSO REQUIRES LONG LEAD TIMES. THE ARRIVAL OF THE FIRST BUSES IN FIVE MONTHS WILL HELP SOME; HOWEVER, ROAD BUILDING EQUIPMENT DELIVERIES ARE STILL SOME TIME OFF. WITHOUT ANY CRITICISM INTENDED, OUR AID PROCEDURES ARE INHERENTLY SLUGGISH. THEY ARE SIMPLY NOT GEARED TO A POLITICAL IMPACT ACTIVITIES PROGRAM. IN SAYING ABOVE, I AM FULLY CONSCIOUS THAT GOE'S SLOW PACE IS ALSO RESPONSIBLE FOR DELAYS.

2. I REGRETFULLY CONCLUDE THAT WE ARE NOT HELPING SADAT COPE WITH HIS SERIOUS DOMESTIC ECONOMIC/POLITICAL PROBLEMS TO ANY APPRECIABLE EXTENT. WE ARE BEGINNING TO HEAR CRITICISMS THAT IN THE SO-CALLED "AMERICAN PERIOD" OF EGYPT'S FOREIGN POLICY, THE MAN IN THE STREET IS WORSE OFF THAN HE WAS WHEN THE SOVIETS WERE THE PRIMARY FOREIGN INFLUENCE. AGAIN, WE CAN JUSTIFIABLY REFUTE OUR RESPONSIBILITY FOR THAT SITUATION, BUT THE FACT REMAINS THAT WE ARE ASSOCIATED IN THE PUBLIC MIND WITH A DETERIORATING ECONOMIC SITUATION. I BELIEVE THAT THE CURRENT GOE INTEREST IN NORMALIZING RELATIONS WITH THE USSR FLOWS, IN PART AT LEAST, FROM A DISTURBED RECOGNITION OF THE FACT THAT UNILATERAL RELIANCE ON THE US IS FAILING TO MEET EGYPT'S ESSENTIAL POLITICAL AND ECONOMIC REQUIREMENTS.

3. WITH AID DIRECTOR BROWN STILL IN WASHINGTON, I STRONGLY URGE (AND I AM NOT GIVEN TO USING THE ADVERB "STRONGLY") THAT YOU CONSIDER WHAT PROGRAM SHIFTS CAN BE MADE THAT WILL PRODUCE SOME REASONABLY QUICK IMPACT AND THAT WILL AVOID ENDLESS, TIME-CONSUMING STUDIES

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BEFORE ANYTHING CAN BE DONE ON THE GROUND. SUCH PROJECTS SHOULD BE DESIGNED TO HAVE AN IMMEDIATE IMPACT ON THE MOST POLITICALLY VOLATILE ELEMENTS OF THE SOCIETY--THE UNIVERSITY STUDENTS CLUSTERED IN CAIRO AND THE URBAN WORKING AND LOWER MIDDLE CLASSES IN CAIRO, HELWAY, MAHALLAH AL-KUBRA, ETC. IS THERE NOT SOME WAY IN WHICH WE CAN UTILIZE, SAY, FIVE TO TEN MILLION DOLLARS TO PURCHASE TEXTBOOKS FOR THE UNIVERSITY STUDENTS? ALSO,

THERE IS ALREADY CONSIDERABLE LOW-COST HOUSING UNDER CONSTRUCTION IN CAIRO, BUT PROGRESS IS SLOW AND ESSENTIAL FIXTURES AND MATERIALS ARE LACKING. COULDN'T A CRASH PROGRAM BE MOUNTED TO COMPLETE THESE DWELLINGS IN SHORTEST POSSIBLE TIME? WHAT ABOUT SPONSORING SOME "MAKE WORK" CCC-TYPE PROGRAMS TO REDUCE UNEMPLOYMENT. THERE ARE NO END OF WORTHWHILE TASKS TO BE PERFORMED--REFORESTRATION, CITY BEAUTIFICATION, PUBLIC WORKS, ETC. THESE ARE ACTIVITIES WHICH HAVE POLITICAL IMPACT AND ECONOMIC UTILITY. I AM SURE THAT DON BROWN MAY HAVE OTHER SUGGESTIONS. BUT WE NEED TO DO SOMETHING THAT SHOWS ACTIVITY ON THE GROUND AND PROVIDES POLITICAL IMPACT AND WE NEED TO DO IT WITH SOME DESPATCH.
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